

Question?

- Does classification/segmentation of retail universe in terms of urbanicity (zip code level) support the hypothesis:
  - Menthol skew to urban.
  - Discount skew to rural.

Opportunity

- Leverage Urbanicity Segmentation technique to optimize regional support plan:
  - Efficient tool for consolidating strategy (Newport, Ethnicity, and Geographic priorities).
  - Opportunity for sourcing against Discount category (select geographies).

### What is Urbanicity Segmentation?

- Classification process based on population density and county type.

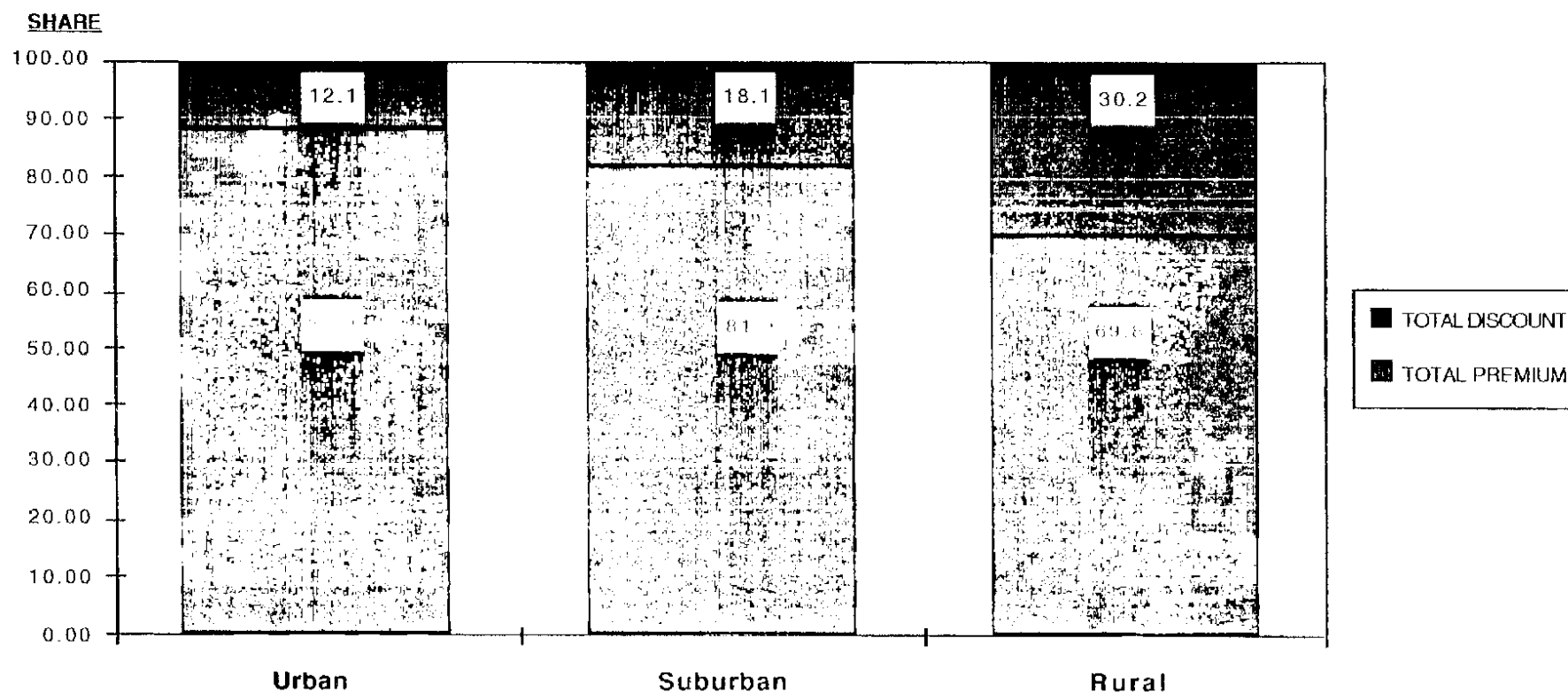
### Methodology

- Utilized Stars Store Level and IRDD to classify zip codes into three categories: Urban, Suburban, and Rural.

### Considerations

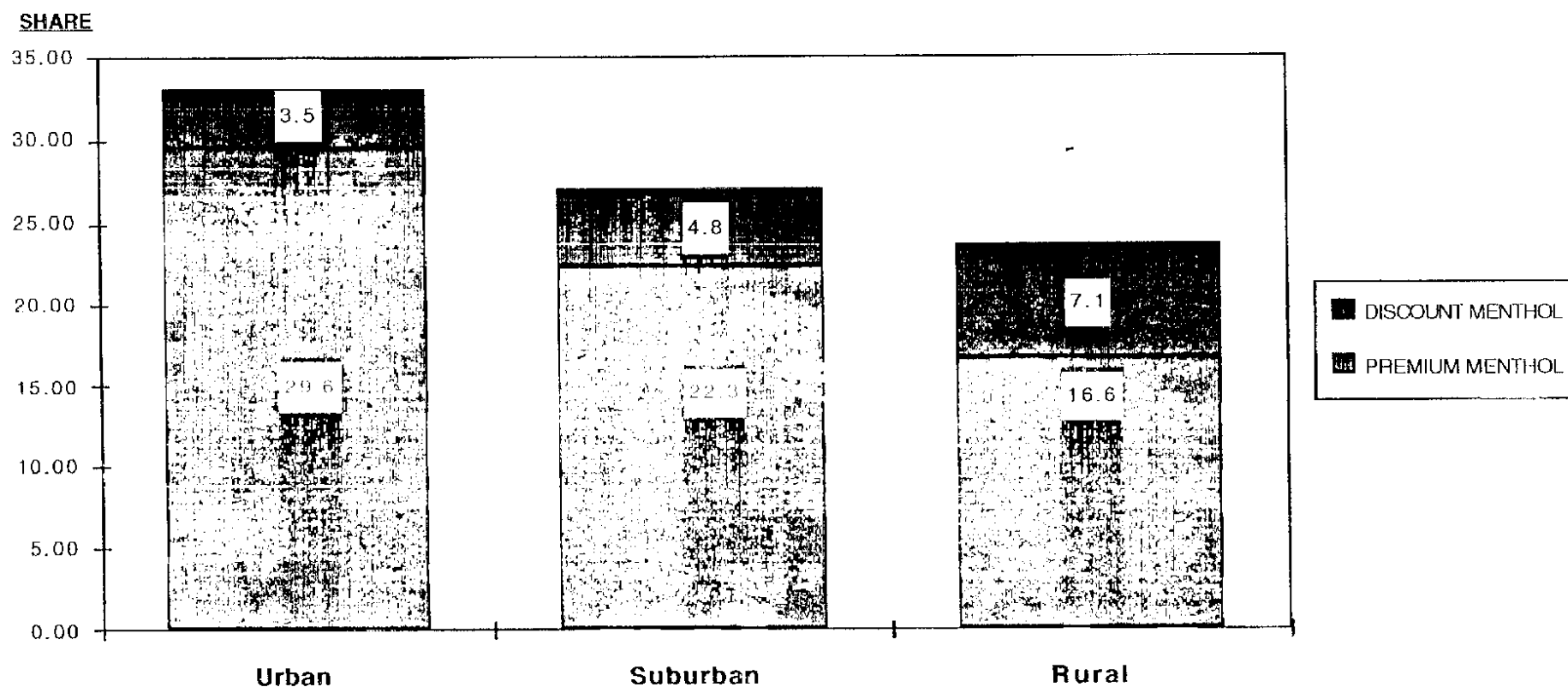
- Current analysis contains workload stores only.
- Analysis based on single 13 week time period.
- Data cleaning resulted in slightly lower coverage of markets.
- Approximately 200 out of 5,700 zips had missing data because they are new.

REGION 1 AND SECTION 21 - URBANICITY SEGMENTATION  
STARS SHARE - LATEST 13 WEEKS  
(WORKLOAD ONLY)



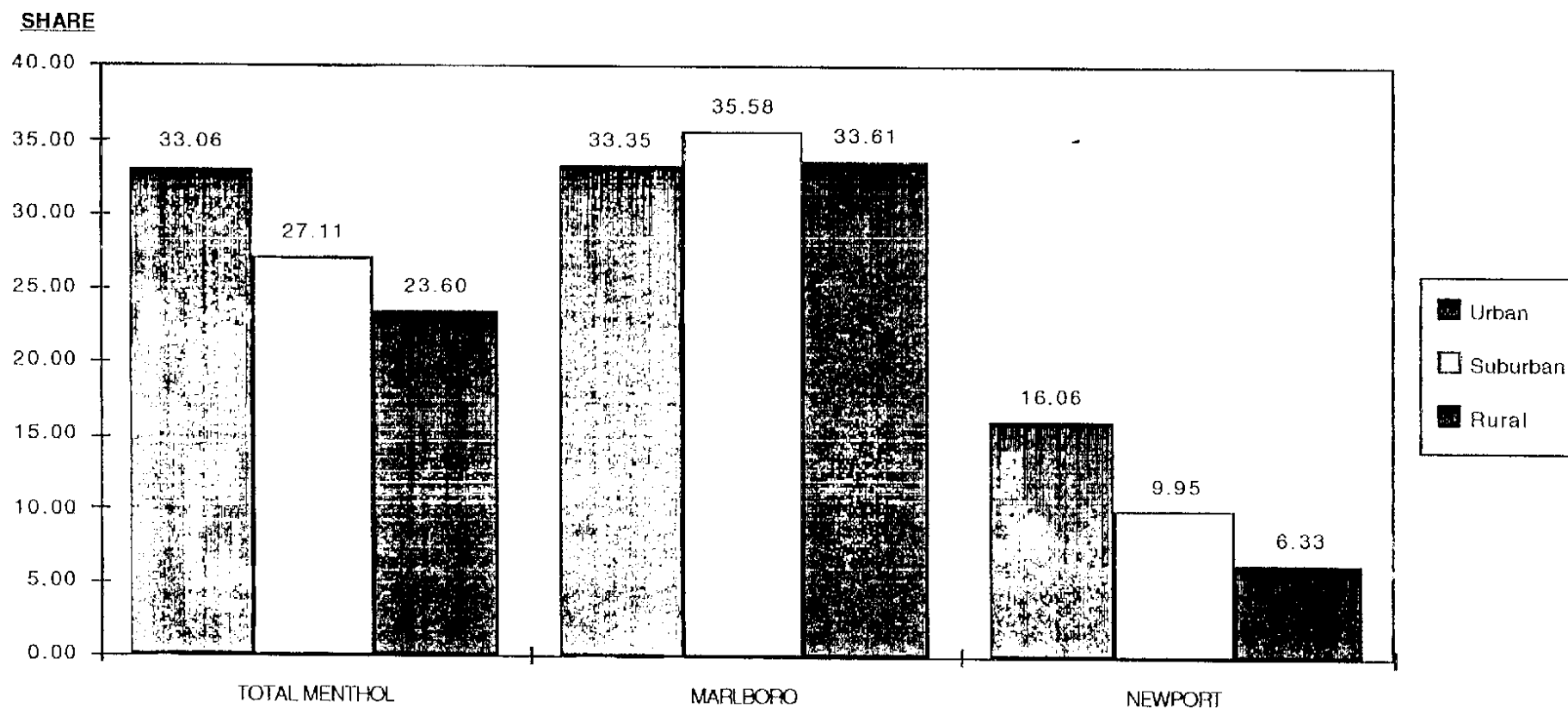
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REGION 1 AND SECTION 21 - URBANICITY SEGMENTATION  
STARS SHARE - LATEST 13 WEEKS  
(WORKLOAD ONLY)



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REGION 1 AND SECTION 21 - URBANICITY SEGMENTATION  
STARS SHARE - LATEST 13 WEEKS  
(WORKLOAD ONLY)



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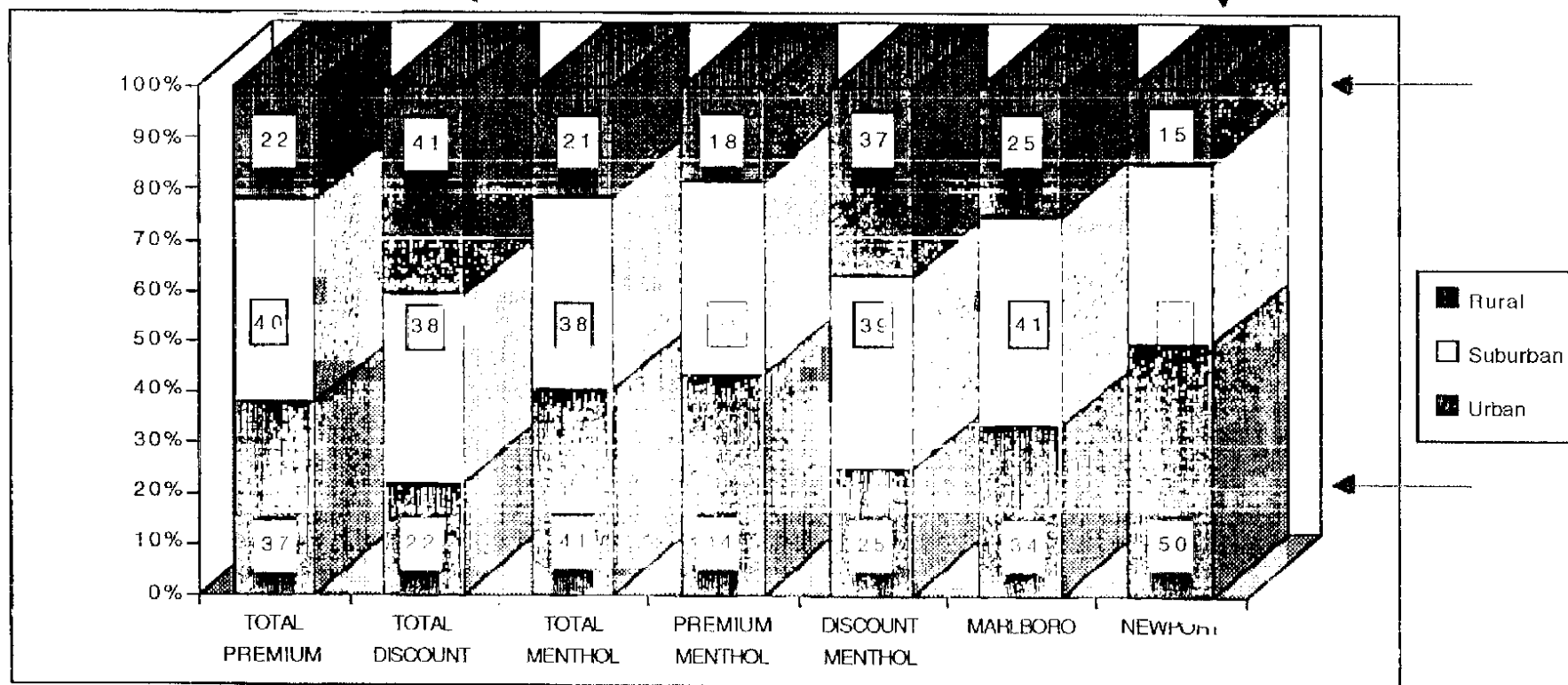
Region 1 and Section 21 - Urbanicity Segmentation  
STARS Order Incidence - Latest 13 weeks\*  
(Workload Only)

	<u>URBAN</u>	<u>SUBURBAN</u>	<u>RURAL</u>
TOTAL PREMIUM	99.5%	99.1%	95.9%
TOTAL DISCOUNT	65.0%	75.6%	81.6%
TOTAL MENTHOL	97.1%	96.9%	92.6%
PREMIUM MENTHOL	96.5%	96.1%	90.3%
DISCOUNT MENTHOL	52.5%	67.8%	73.2%
PHILIP MORRIS	96.9%	98.2%	95.0%
PM PREMIUM	96.5%	97.7%	93.7%
PM DISCOUNT	45.3%	61.5%	66.3%
MARLBORO	95.1%	97.0%	92.7%
NEWPORT	93.7%	93.2%	82.5%

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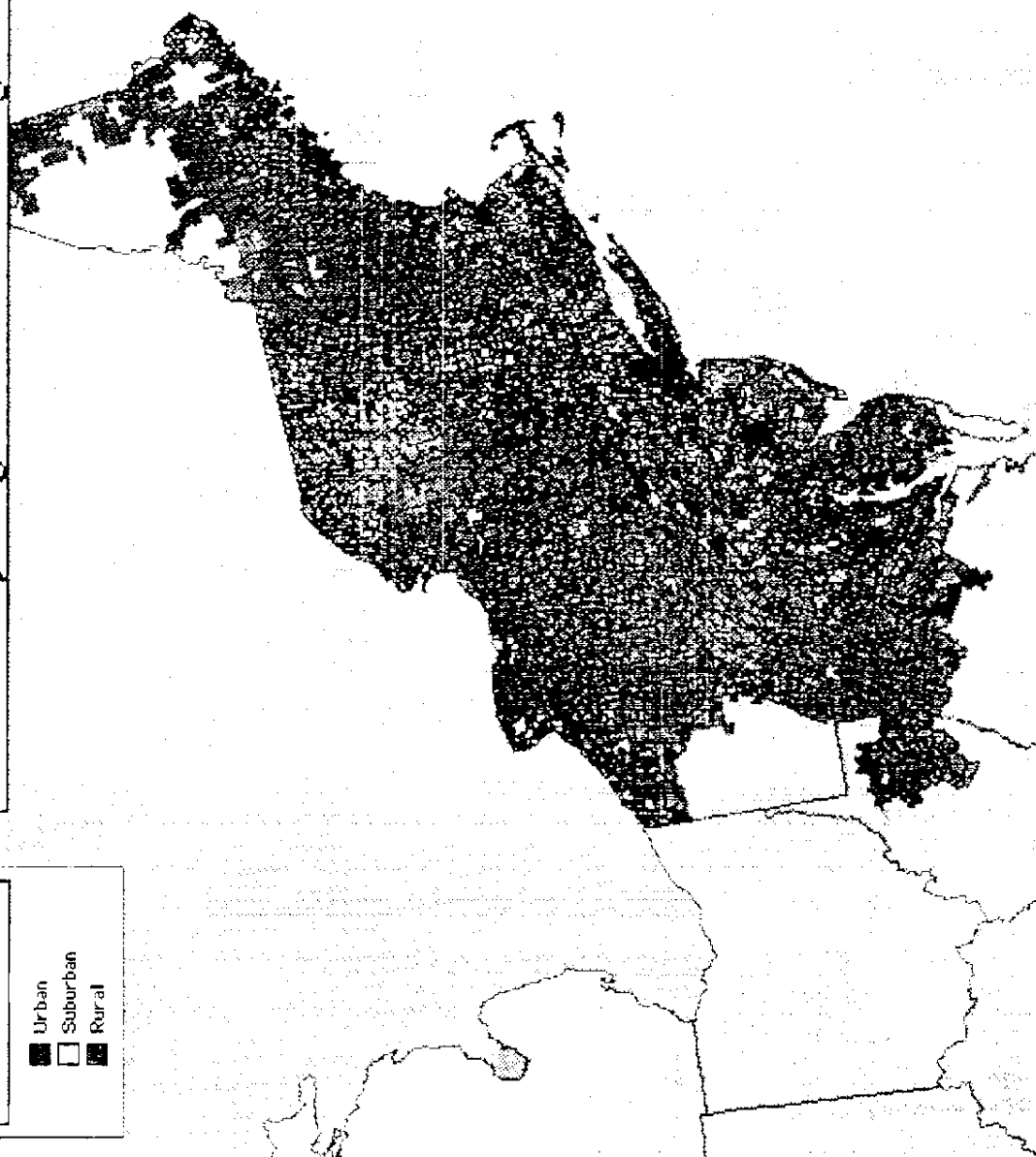
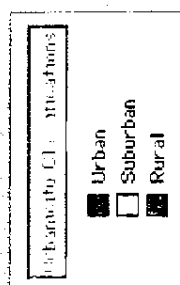
Region 1 and Section 21 - Urbanicity Segmentation  
STARS Volume Contribution - Latest 13 Weeks  
(Workload Only)

Volume Contribution



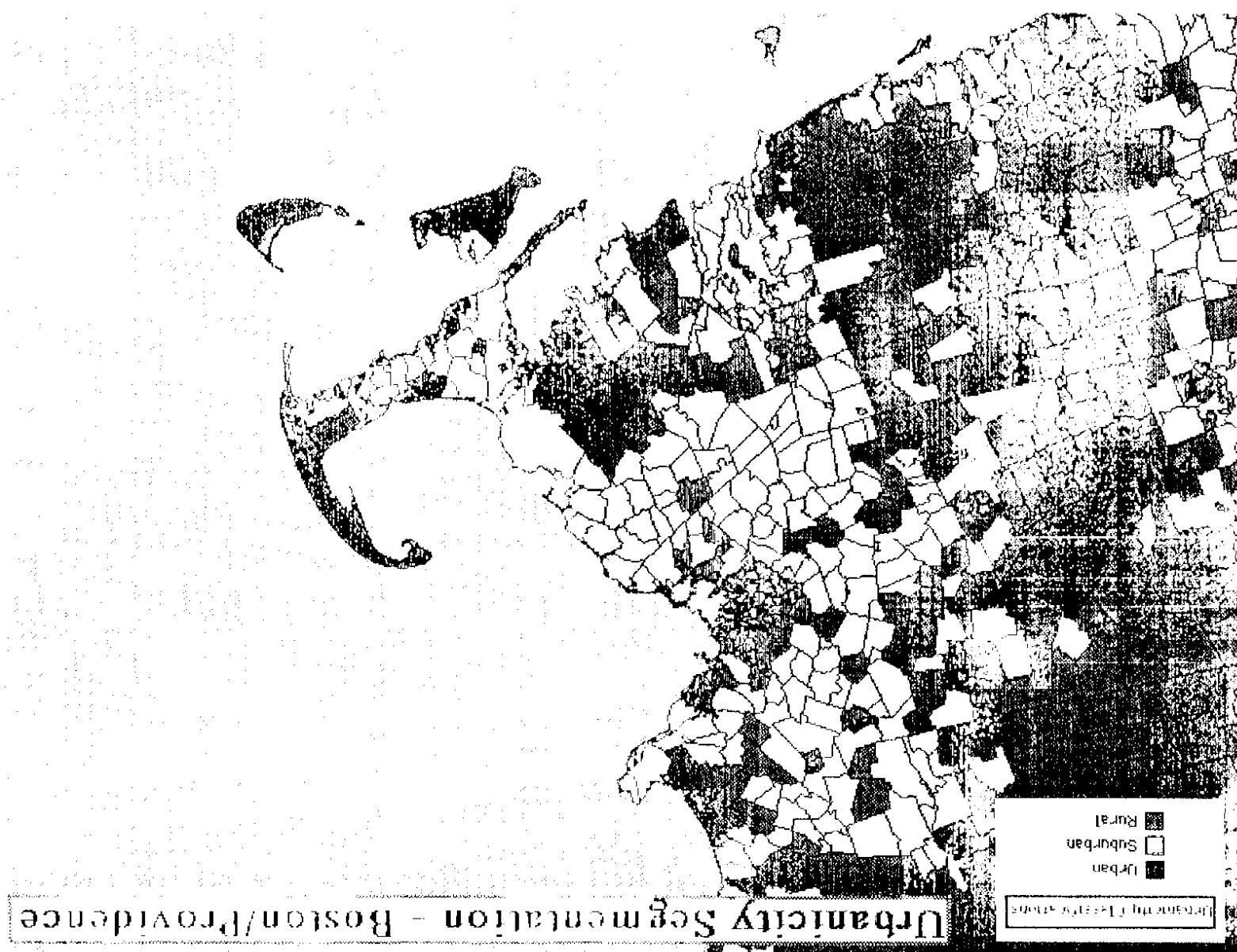
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Urbanicity Segmentation - Region 1



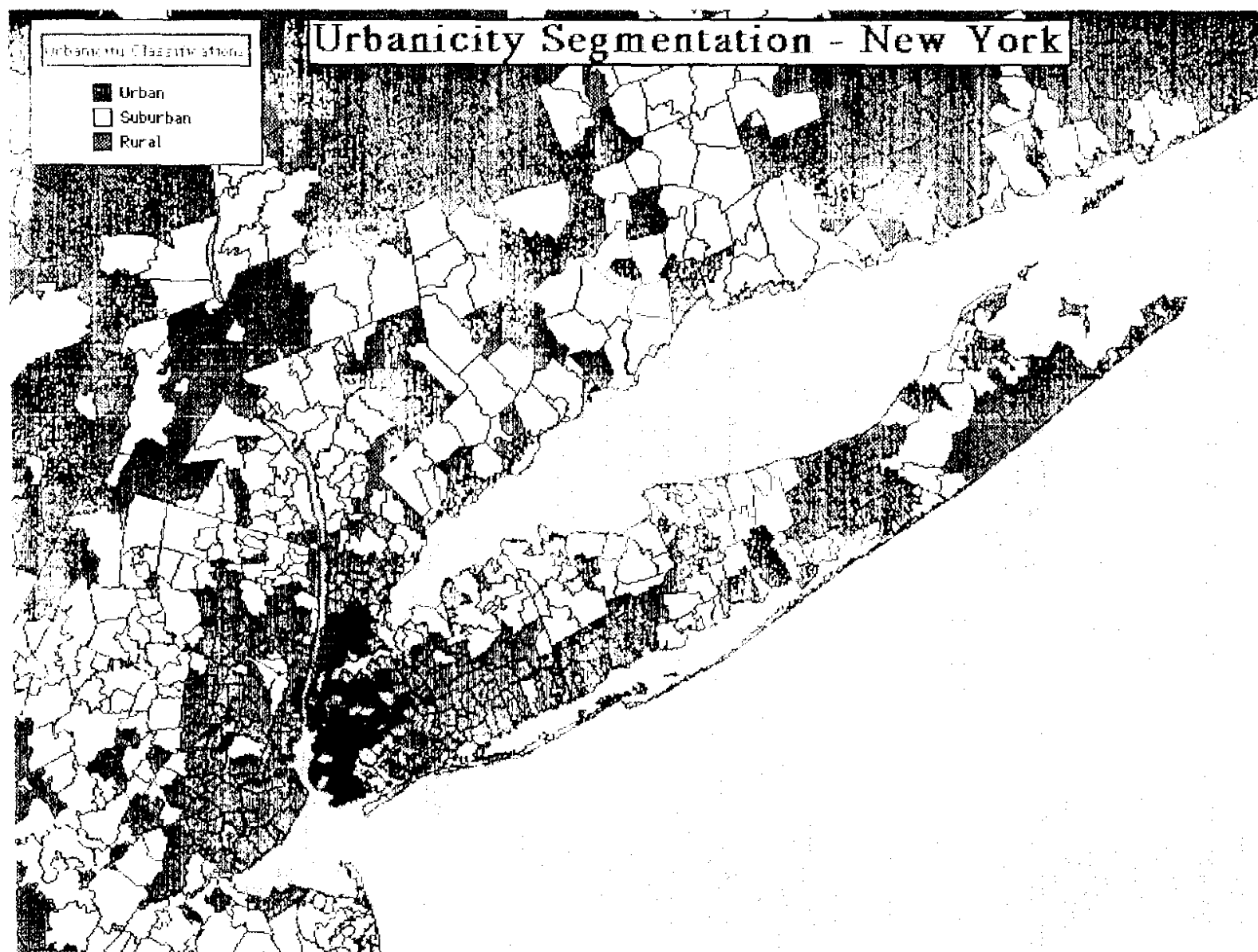
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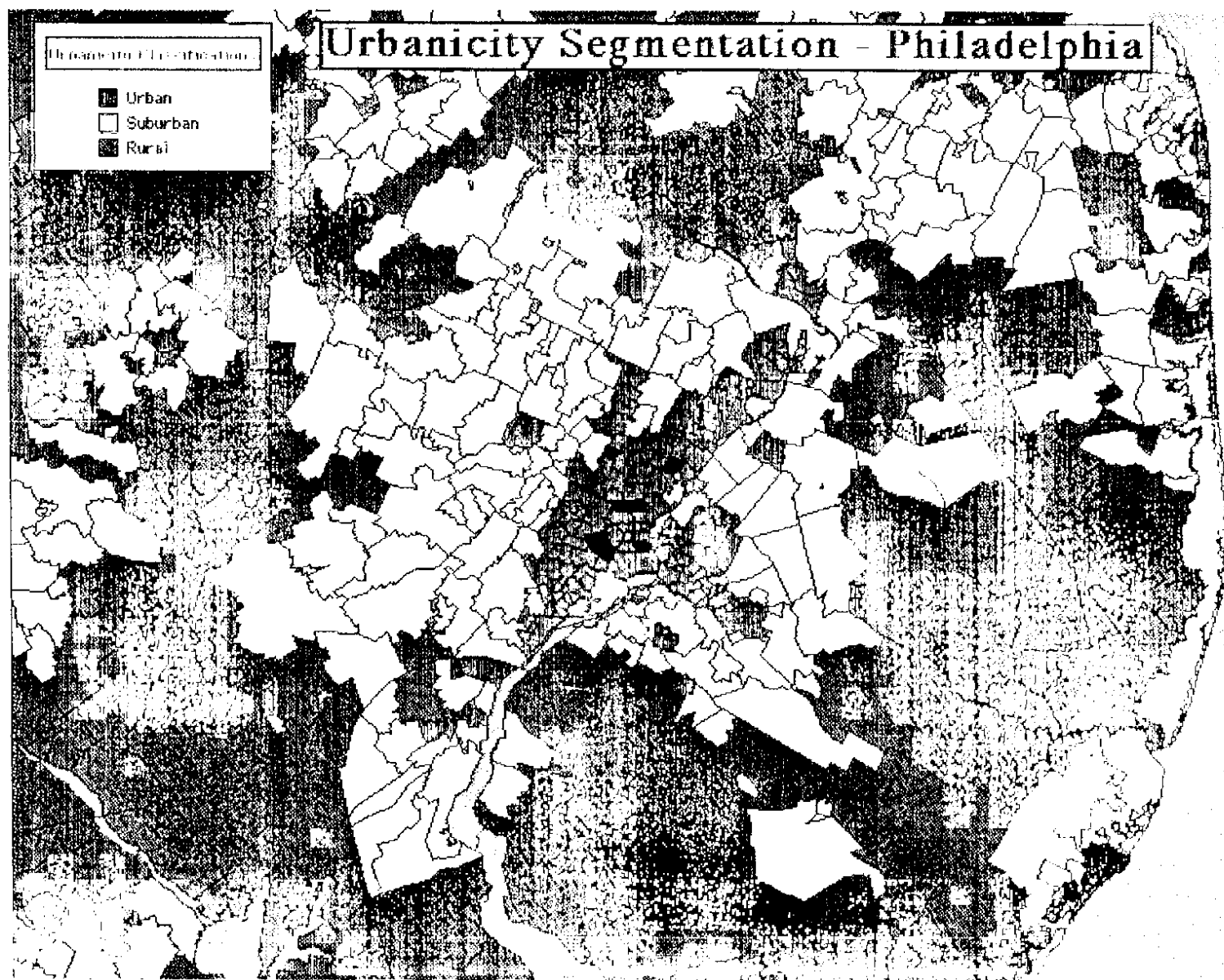


Region I Analysis

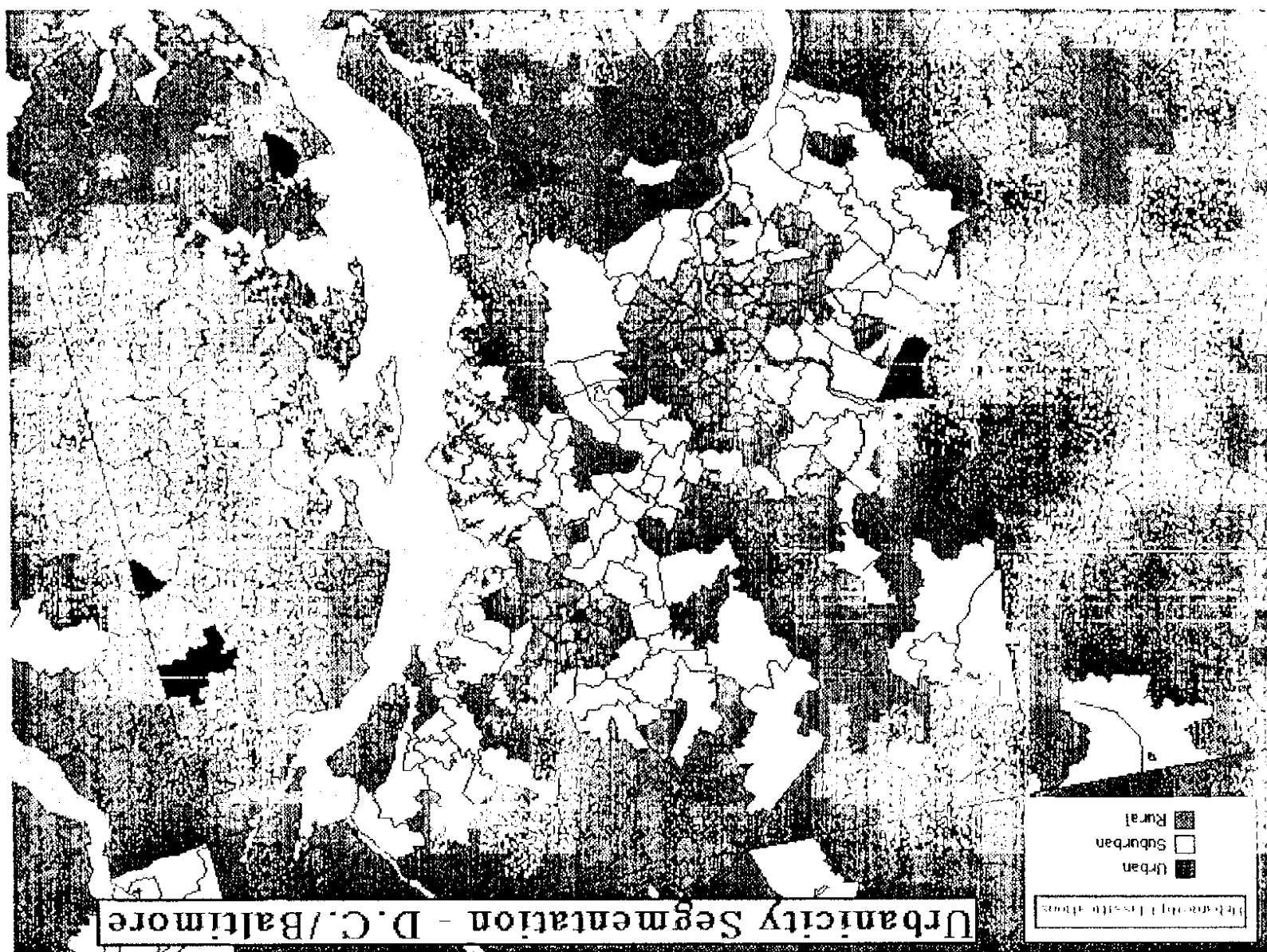
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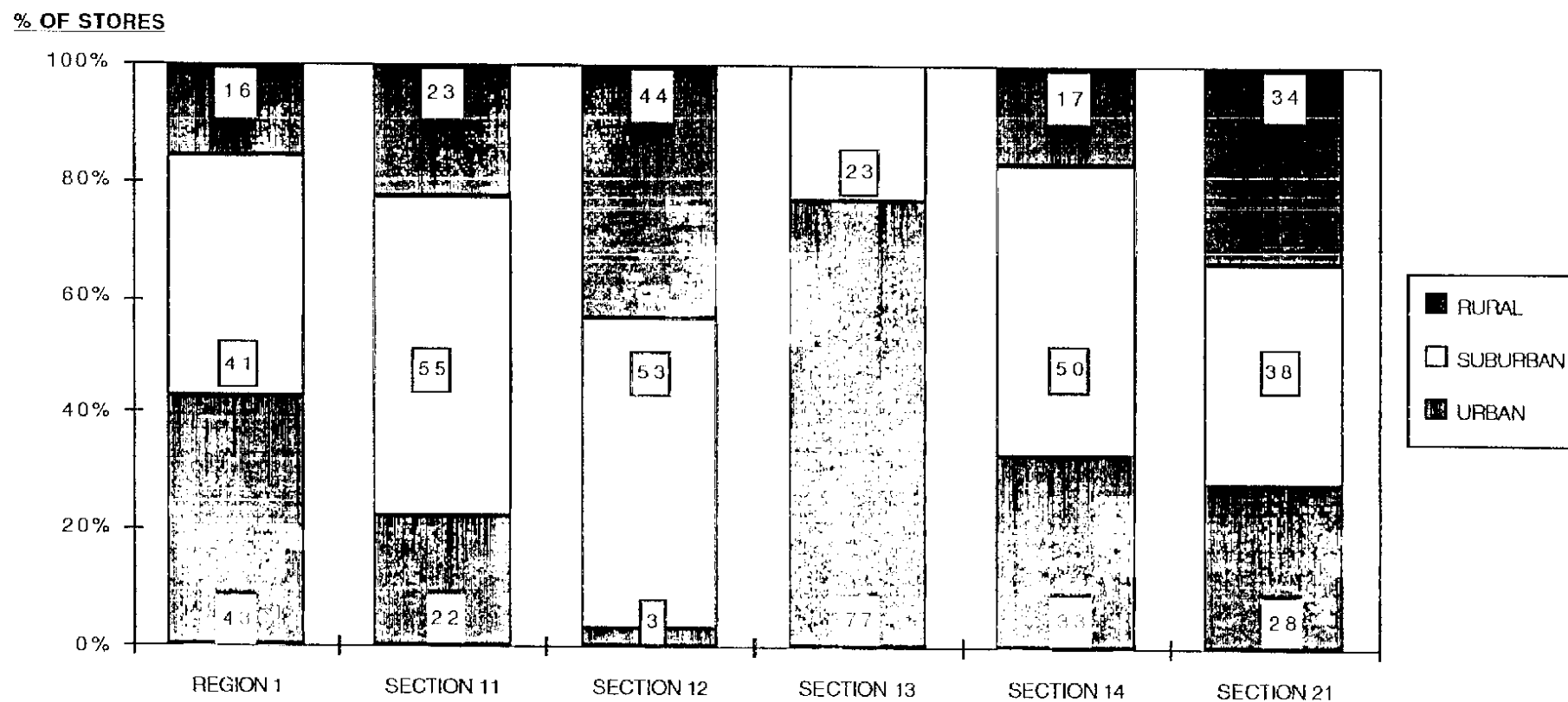
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Region I Analysis

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## REGION 1 AND SECTION 21 - URBANICITY SEGMENTATION STORE CLASSIFICATIONS BY SECTION (WORKLOAD ONLY)



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### Next steps

- Expand analysis with time comparisons.
- Expand performance profile to Trade Classes.
- Synergies related to other initiatives/analyses:
  - Menthol Study - E. Ricci.
  - Territory Coverage with R1 Sales Organization.